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DELMARVA POWER & LIGHT COMPANY
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## ANNUAL APPLICATION FOR THE GABRE P.S.C. ENVIRONMENTAL SURCHARGE RIDER

# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF DELAWARE

APPLICATION
TARIFFS
BRIEFING SHEET
TESTIMONY
SCHEDULES
BILLING COMPARISONS

August 29, 2008



A PHI Company

Gary B. Cohen, Manager Delaware Regulatory Affairs and External Issues New Castle Regional Office
401 Eagle Run Road, P. O. Box 9239
Newark, DE 19714-9239
(302) 454-4830
Gary.Cohen@PepcoHoldings.Com

August 28, 2008

#### **VIA OVERNIGHT DELIVERY**

Ms. Karen J. Nickerson
Executive Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: 2008 Annual Gas Environmental Surcharge Rider Filing

Dear Ms. Nickerson:

Enclosed for filing is an original and ten copies of Delmarva Power & Light Company's ("Company") annual application for the Gas Environmental Surcharge Rider Rate to become effective November 1, 2008. Pursuant to the Company's Environmental Surcharge Rider tariff clause, Delmarva is proposing a decrease in its Environmental Surcharge Rider rate this year. Also enclosed is a \$100 check for the filing fee and a completed DPSC Filing Cover Sheet.

We discovered an error on Tariff Leaf No. 79. The correction is included with the other tariff leaf changes in revised and red-line versions for your convenience.

Should you have any questions, please contact me by phone or e-mail.

Respectfully submitted,

Gary B. Cohen

cc: Bruce Burcat

G. Arthur Padmore Todd L. Goodman, Esq.

William R. Moore
Philip L. Phillips, Jr.
Heather G. Hall
Leonard J. Beck

Docket No. Filing Date: Reviewer: Given To:	

## DELAWARE PUBLIC SERVICE COMMISSION FILING COVER SHEET

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If so, please list Is public notice If yes, please at Applicant's cor	of filing: <u>Annual fil</u>	ing of the Env	vironmental S	urcharge Rider.
If yes, please at Applicant's con	g relate to pending dock t Docket(s) No(s):	Yes	No	
Applicant's con	e required:	X Yes	No	<del></del>
	ttach copy of proposed	public notice.		
Did you provide	ntact person:	(Name) (Title) (Tele. No.) (Fax no.)		
<u>X</u>	e a complete copy of th	-	-	ate? <u>8/29/2008</u>
Yes	No			

#### BEFORE THE PUBLIC SERVICE COMMISSION

#### OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF	)	
DELMARVA POWER & LIGHT COMPANY FOR AN	)	Docket No. 08
ANNUAL UPDATE IN THE GAS ENVIRONMENTAL	)	
SURCHARGE RIDER RATE	)	
(Filed on August 29, 2008)	)	

#### DELMARVA POWER & LIGHT COMPANY'S APPLICATION FOR AN UPDATE IN THE GAS ENVIRONMENTAL SURCHARGE RIDER

Delmarva Power & Light Company ("Delmarva" or the "Company") hereby files the annual Application for Approval to update its Gas Environmental Surcharge Rider ("ESR") pursuant to 25 Del. C. §§ 201, 301, 304 and other applicable authorities, including Order No. 6401 in Docket No. 04-53 entered April 20, 2004, to be effective for service rendered on and after November 1, 2008. In support thereof, Delmarva submits the following:

- 1. Applicant is Delmarva Power & Light Company, 800 King Street, P.O. Box 231, Wilmington, Delaware 19899. Delmarva is a wholly owned subsidiary of Pepco Holdings, Inc. ("PHI").
- 2. Delmarva requests that all communications and notices with respect to this proceeding be made to the following and these individuals be put on the official service list of this proceeding:

Leonard J. Beck	Todd L. Goodman, Esquire
401 Eagle Run Road	800 King Street,
Newark, DE 19702	Wilmington, DE 19801
(Private Mail Service)	(Private Mail Service)
or	or
P.O. Box 9239	P. O. Box 231
Newark, DE 19714-9239	Wilmington, DE 19899
(U.S. Mail)	(U.S. Mail)
(302) 454-4839	(302) 429-3786
len.beck@pepcoholdings.com	todd.goodman@pepcoholding.com

Gary B. Cohen
401 Eagle Run Road
Newark, DE 19702
(Private Mail Service)
or
P.O. Box 9239
Newark, DE 19714-9239
(U.S. Mail)
(302) 454-4830
gary.cohen@pepcoholdings.com

- 3. Pursuant to the provisions of Delmarva's Environmental Surcharge Rider tariff clause, the Company requests permission to change its current Environmental Surcharge Rider rate at a positive surcharge of \$0.00238 per ccf to a positive surcharge rate of \$0.00175 per ccf for all firm delivery service Customers. This rate decrease is proposed to become effective for service rendered on or after November 1, 2008, and thereafter until changed by further order of the Delaware Public Service Commission.
- 4. The current Environmental Surcharge Rider specifies that the "Company will file with the Commission a copy of the environmental surcharge rider computation at least 30 days prior to the proposed effective date of November 1."
- 5. Revised tariff leafs and red-line versions setting forth the proposed changes are attached to this Application as Appendix A. Consistent with the approved mechanism established in Docket No. 04-53, Delmarva requests the Commission to permit the proposed changes in ESR rates and the proposed surcharge to become effective for service rendered on and after November 1, 2008, with proration, subject to refund after Commission review.
- 6. The attached testimony describes the full calculation of the proposed ESR to be effective November 1, 2008. The reasons and basis for the proposed decrease in the ESR rate are more fully explained in the testimony of Leonard J. Beck.

7. For a typical space heating residential customer using 120 ccf of gas in a winter month, the effects of the proposed gas environmental surcharge rider rate change would be a decrease in the monthly winter bill of about \$0.08 (eight cents) per month from \$170.37 to \$170.29 or less than 0.1%.

8. A proposed form of order is attached.

WHEREFORE, Delmarva Power & Light Company respectfully requests that:

A. The Commission accept its Application for filing and schedule a hearing thereon;

B. The Commission issue an order permitting the rates to go into effect on November 1, 2008, with proration, subject to further proceedings and potential refunds, and;

C. Proper notice of the hearing be published; and

D. The Commission ultimately approve the proposed rates reflected in the tariff leafs in Appendix A as filed by the Company.

Respectfully submitted,

By:

Todd L. Goodman

Delmarva Power & Light Company 800 King Street, P.O. Box 231 Wilmington, DE 19899

(302) 429-3786

Dated: August 29, 2008

STATE OF DELAWARE	)	
COUNTY OF NEW CASTLE	)	SS.

On this 28th day of August, 2008, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid J. Mack Wathen, Vice President, Regulatory Affairs, an officer of Delmarva Power & Light Company, a corporation existing under the laws of the State of Delaware and the Commonwealth of Virginia, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such corporation, that the signature of such Vice President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.

Vice President, Regulatory Affairs

Wack Wather

SWORN TO AND SUBSCRIBED before me this 25 Hth day of August 2008.

Notary Public

My Commission expires: 5/8/2012

#### **DRAFT**

### BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF	)	
DELMARVA POWER & LIGHT COMPANY FOR	)	Docket No. 08
AN ANNUAL UPDATE IN THE GAS ENVIRONMENTAL	)	•
SURCHARGE RIDER RATE	)	
(Filed on August 29, 2008)	)	

#### **PUBLIC NOTICE OF FILING**

#### TO: ALL GAS CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY

Pursuant to the Environmental Surcharge recovery mechanism approved by the Commission in PSC Order No. 6401 in Docket No. 04-53 on April 20, 2004, Delmarva Power & Light Company has filed with the Delaware Public Service Commission ("Commission") an application proposing a rate decrease to the Environmental Surcharge Rider ("ESR") with the rate to go into effect with service rendered on or after November 1, 2008. The Commission has permitted the new ESR rates to go into effect on November 1, 2008 subject to modification and refund after evidentiary hearings and further proceedings to be presided over by a Commission Hearing Examiner.

Copies of the Application, testimony and attachments will be available for public inspection at the Commission's Dover office at the above address, or, by appointment, in the Division of the Public Advocate located on the 4th Floor, Carvel State Office Building, 820 North French Street, Wilmington. Please call for an appointment at (302) 577-5077.

Individuals with disabilities who wish to participate in these proceedings or to review these filings may contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing,

telephonically, by use of the Telecommunications Relay Service, or otherwise. The Commission Staff is available for questions concerning this Application and other documents. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 736-7500 and that number should also be used for Text Telephone ("TT") calls. Inquiries can also be sent to the Commission by Internet e-mail to "[insert Staff name] @state.de.us."

## BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF	)	
DELMARVA POWER & LIGHT COMPANY FOR	)	Docket No. 08
AN ANNUAL UPDATE IN THE GAS ENVIRONMENTAL	)	
SURCHARGE RIDER RATE	)	
(Filed on August 29, 2008)	)	

AND NOW, to-wit, this \_\_\_\_\_ day of September, A.D., 2008, Delmarva Power &

Light Company having, on August 29, 2008, filed the above-captioned Application with the

ORDER NO. \_\_\_\_\_

Commission seeking approval to modify its Environmental Surcharge Rider Rate;

AND, the Commission having determined, pursuant to 26 <u>Del</u>. <u>C</u>. §§ 303, 304, 306 and its prior Order No. 6401 in Docket No. 04-53 that the new reduced rates should go into effect for usage on and after November 1, 2008, with proration, and subject to refund pending evidentiary hearings and further review by the Commission; **now therefore**,

#### IT IS ORDERED:

- 1. That pursuant to 26 <u>Del</u>. <u>C</u>. §§ 301 and 305, the application made by Delmarva on August 29, 2008, for the annual Environmental Surcharge Rider Rate to decrease and go into effective as of November 1, 2008, with proration, subject to refund and evidentiary hearings to be held at a later date.
- 2. That \_\_\_\_\_\_\_ is designated as Hearing Examiner for this docket pursuant to the terms and provisions of 26 <u>Del</u>. <u>C</u>. § 502 and 29 <u>Del</u>. <u>C</u>. ch. 101 to schedule and conduct such public evidentiary hearings as may be necessary to develop a full and complete record concerning this matter, and to report to the Commission proposed findings and recommendations based on the evidence presented. \_\_\_\_\_\_ is designated Rate Counsel for this matter.
- 3. That Delmarva shall give public notice of the filing of this application and of the Commission action thereon by publishing notice in the form attached hereto in two-column format, outlined in black in the legal classified sections of The News Journal and the Delaware State News on \_\_\_\_\_\_\_\_, 2008, with proof of such publication to be provided to the Commission as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.
- 4. That Delmarva is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 Del. C. § 114(b)(1).
- 5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

#### BY ORDER OF THE COMMISSION:

	CHAIR
	VICE-CHAIR
	COMMISSIONER
	COMMISSIONER
	COMMISSIONER
ATTEST:	
	_

**SECRETARY** 

Revision: Thirty-eighth Revised: August 29, 2008

	APPENDIX A							
CORE SALES RATE LEAF				Page 1 of 6				
GAS COST								
SERVICE CLASSIFICATION	BASE RATE	<u>RATE</u>	<u>TOTAL</u>	BASIS				
Residential Gas Sales Service ("RG")								
Customer Charge	\$9.56		\$9.56	per month				
Commodity Charge	\$0.421010	\$0.9651	7 \$1.38618	per CCF				
Space Heating Commodity Charge 1/								
Over 50 CCF	\$0.337840	\$0.9651		per CCF				
Environmental Surcharge Rider	\$0.00175		\$0.00175	per CCF				
General Gas Sales Service ("GG")								
Customer Charge	\$27.31		\$27.31	per month				
Commodity Charge								
First 750 CCF	\$ 0.34975	\$0.9651	7 \$1.31492	per CCF				
Over 750 CCF	\$ 0.26125	\$0.9651	7 \$1.22642	per CCF				
Environmental Surcharge Rider	\$0.00175		\$0.00175	per CCF				
Gas Lighting Sales Service ("GL") (Estimated Usage - 15 CCF per month)								
Monthly Charge	\$ 5.92	\$ 14.48	\$20.40	per gas light				
Medium Volume Gas Sales Service ("N	AVG")							
Customer Charge	\$419.27		\$419.27	per month				
Demand Charge	\$ 13.39	\$10.20	\$ 23.59	per MCF of Billing MDQ				
Commodity Charge 2/	\$ 0.429790	\$ 8.2710	\$ 8.70079	per MCF				
Environmental Surcharge Rider	\$0.01748		\$0.01748	per MCF				
Large Volume Gas Sales Service ("LVG	<u>G")</u>							
Customer Charge	\$634.58		\$634.58	per month				
Demand Charge	\$ 8.247210	\$10.20	\$ 18.44721	per MCF of Billing MDQ				
Commodity Charge 2/	\$ 0.103390	Varies	Varies	per MCF				
Environmental Surcharge Rider	\$0.01748		\$0.01748	per MCF				
Public Utilities Tax		4.25%	Charged on all non including the GCR	•				
City of Wilmington Local Franchise Tax			2.00% Charged on a					
÷ – ———————————————————————————————————		_ 		of Wilmington, including				

<sup>1/</sup> Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating commodity rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

Order No.

Filed: August 29, 2008

Docket No.

Effective with Usage on and After November 1, 2008

<sup>2/</sup> All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

P.S.C. Del. No. 5 - Gas

Docket No.

Revision: Thirty-fifth Revised: August 29, 2008

#### RATES AND CHARGES

<u>C</u>	ORE TRANSPORTATION RATE LEAF		APPENDIX A Page 2 of 6
	BASE	NON-BASE	_
SERVICE CLASSIFICATION	<u>RATE</u>	<u>RATE</u>	BASIS
General Volume Firm Transportation Service ("GVFT")			
Customer Charge Delivery Charge	\$302.31		per month
First 750 CCF	\$ 0.349750		per CCF Redelivered
Over 750 CCF	\$ 0.261250		per CCF Redelivered
Balancing Fee		\$ 0.02161	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00175		per CCF
Medium Volume Firm Transportation Service ("MVFT")	<u>1</u>		
Customer Charge	\$694.27		per month
Demand Charge	\$ 13.39		per MCF of Billing MDQ
Delivery Charge	\$ 0.429790		per MCF Redelivered
Balancing Fee		\$ 0.2161	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.01748		per MCF
<u>Large Volume Firm Transportation</u> Service ("LVFT")			
Customer Charge	\$909.58		per month
Demand Charge	\$ 8.247210		per MCF of Billing MDQ
Delivery Charge	\$ 0.103390		per MCF Redelivered
Balancing Fee		\$ 0.2161	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.01748		per MCF
Standby Service ("SBS")			
Demand Charge		\$10.20	per MCF of Standby MDQ
Commodity Charge		Monthly	System WACCOG per MCF
· •		(adjusted	for losses and unaccounted-for)
Public Utilities Tax		4.25%	Charged on all non exempt
			services, including the GCR
City of Wilmington Local Franchise	<u>Γax</u>	2.00%	Charged on all non exempt services, in the City of
			Wilmington, including the GCR
Order No.			Filed: August 29, 2008
Order No.		Effective with Hand	Filed: Au

Effective with Usage on and After November 1, 2008

Revision:

Seventh

#### Revised August 29, 2008

#### RIDER "ESR"

#### ENVIRONMENTAL SURCHARGE RIDER

APPENDIX A Page 3 of 6

#### A. Purpose

The purpose of this rider is to recover reasonable costs associated with the clean up of the Manufactured Gas Plant site in Wilmington. Applicable environmental costs are those incurred as a result of, but are not limited to investigating, testing, monitoring, remediation, land acquisition, legal costs related directly to the site remediation, and disposal sites. These costs must be actually incurred, incremental "out-of-pocket" remediation related expenses and must exclude such as internal labor and overhead expenses. The remediation costs must be offset by an remediation costs reimbursements received by the Company from insurance carriers and or other Potentially Responsible Parties. The costs recovered by this Rider shall not include expenses incurred in connection with litigation by third parties claiming personal injury or by third parties claiming damage to their property as a result of the operation or decommissioning of the site or as a result of the migration of material from the site.

#### B. Applicability

This rider is applicable to all firm delivery service customers, including Service Classifications "RG", "GG", "MVG", "LVG", "GVFT", "MVFT", "LVFT".

#### C. Operation of the Rider

The Company will file with the Commission a copy of the environmental surcharge rider computation at least 30 days prior to the proposed effective date of November 1.

The calculation filed will be supported by all bills and receipts relating to the amount of any environmental costs incurred in the preceding Environmental Cost Year for which the Company seeks to begin recovery. In the same filing, the Company shall include similar material and information to support any expenses and/or recoveries resulting from Third Party claims.

#### D. Rate

The rate for this Rider is listed under the applicable classifications shown on Tariff Leaf No. 37 and Tariff Leaf No. 38.

#### E. Determination of the Rate

The Rider rate shall be comprised of an Amortization Factor and a Reconciliation Factor as follows:

(1) Amortization Factor: Recovery of net environmental costs incurred during an Environmental Cost Year (ECY) will be accomplished through a five year amortization, offset by the tax benefit associated with those environmental costs as defined below. A net annual amortization amount will be calculated for each of the five years of amortization scheduled for the Environmental Cost Year. The amortization factor for any year will be comprised of the total net annual amount scheduled for that year.

Order No.

Filed: August 29, 2008

Docket No.

Effective with Meter Reading On and After November 1, 2008

Delmarva Power & Light Company

seventheighth

P.S.C. Del. No. 5 - Gas

<u>2008</u>

Revised: October 19, 2007 August 29,

RATES AND CHARGES	
CODE CALES DATE LEAD	APPENDIX A
CORE SALES RATE LEAF	Page 4 of 6

<u>CORE SALES RATE LEAF</u>					Page 4 of 6
		G	AS COST		
	SERVICE CLASSIFICATION	BASE RATE	<u>RATE</u>	<u>TOTAL</u>	BASIS
	Residential Gas Sales Service ("RG")				
	Customer Charge	\$9.56		\$9.56	per month
	Commodity Charge	\$0.421010	\$0.96517	\$1.38618	per CCF
	Space Heating Commodity Charge 1/				•
	Over 50 CCF	\$0.337840	\$0.96517	\$1.30301	per CCF
	Environmental Surcharge Rider	\$0. <del>00238</del> <u>00175</u>		\$0. <del>00238</del> <u>00175</u>	per CCF
	General Gas Sales Service ("GG")				
	Customer Charge	\$27.31		\$27.31	per month
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	First 750 CCF	\$ 0.34975	\$0.96517	\$1.31492	per CCF
	Over 750 CCF	\$ 0.26125	\$0.96517	\$1.22642	per CCF
	Environmental Surcharge Rider	\$0. <del>00238</del> 00175	•	\$0. <del>00238</del> 00175	-
-					
	Gas Lighting Sales Service ("GL")	- \			
	(Estimated Usage - 15 CCF per month	•	© 1.4.40	<b>620 40</b>	!!
	Monthly Charge	\$ 5.92	\$ 14.48	\$20.40	per gas light
	Medium Volume Gas Sales Service ("M	IVG")			
	Customer Charge	\$419.27		\$419.27	per month
	Demand Charge	\$ 13.39	\$10.20	\$ 23.59	per MCF of Billing MDQ
	Commodity Charge 2/	\$ 0.429790	\$ 8.2710	\$ 8.70079	per MCF
	Environmental Surcharge Rider	\$0. <del>02380</del> <u>01748</u>		\$0. <del>02380</del> <u>01748</u>	per MCF
	Large Volume Gas Sales Service ("LVC	<u>i")</u>			
	Customer Charge	\$634.58		\$634.58	per month
	Demand Charge	\$ 8.247210	\$10.20	\$ 18.44721	per MCF of Billing MDQ
	Commodity Charge 2/	\$ 0.103390	Varies	Varies	per MCF
	Environmental Surcharge Rider	\$0. <del>02380</del> <u>01748</u>		\$0. <del>02380</del> 01748	per MCF
	Public Utilities Tax			arged on all non of luding the GCR	exempt services,
	City of Wilmington Local Franchise Tax	x		)%	Charged on all non exempt
	· -			rices in the City of	of Wilmington, including

<sup>1/</sup> Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating commodity rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

the GCR

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order No. <del>7285</del>--

Filed: October 19, 2007 August 29, 2008

Docket No. <del>07-239F</del>

Effective with Usage on and After

November 1, 20072008

P.S.C. Del. No. 5 - Gas

Revision: Thirty-fourthfifth Revised: October 19, 2007 August 29, 2008

#### RATES AND CHARGES

#### **APPENDIX A** CORE TRANSPORTATION RATE LEAF Page 5 of 6 BASE **NON-BASE** SERVICE CLASSIFICATION **RATE** <u>RATE</u> **BASIS General Volume Firm Transportation** Service ("GVFT") **Customer Charge** \$302.31 per month **Delivery Charge** First 750 CCF 0.349750 per CCF Redelivered Over 750 CCF per CCF Redelivered 0.261250 **Balancing Fee** 0.02161 per CCF of Imbalance Volumes **Environmental Surcharge Rider** per CCF **\$0.<del>00238</del>00175** Medium Volume Firm Transportation Service ("MVFT") **Customer Charge** \$694.27 per month **Demand Charge** per MCF of Billing MDQ \$ 13.39 **Delivery Charge** per MCF Redelivered \$ 0.429790 **Balancing Fee** \$ 0.2161 per MCF of Imbalance Volumes **Environmental Surcharge Rider** \$0.<del>02380</del>01748 per MCF Large Volume Firm Transportation Service ("LVFT") **Customer Charge** \$909.58 per month **Demand Charge** 8.247210 per MCF of Billing MDQ **Delivery Charge** per MCF Redelivered 0.103390 **Balancing Fee** per MCF of Imbalance Volumes \$ 0.2161 **Environmental Surcharge Rider** \$0.<del>02380</del>01<u>748</u> per MCF **Standby Service ("SBS") Demand Charge** per MCF of Standby MDQ \$10.20 Monthly System WACCOG per MCF Commodity Charge (adjusted for losses and unaccounted-for) Public Utilities Tax 4.25% Charged on all non exempt services, including the GCR Charged on all non exempt City of Wilmington Local Franchise Tax 2.00% services, in the City of

Order No. 7285

Filed: October 19, 2007 August 29, 2008

Wilmington, including the GCR

Docket No. <del>07-239F</del>

Effective with Usage on and After

November 1, 20072008

Delmarva Power & Light Company d/b/a Conectiv Power Delivery

Seventh P.S.C. Del. No. 5 - Gas

Leaf No.: 79

Revision: Sixth
Revised August 10, 200429,

**2008** 

#### **RIDER "ESR"**

#### **ENVIRONMENTAL SURCHARGE RIDER**

APPENDIX A Page 6 of 6

#### A. Purpose

The purpose of this rider is to recover reasonable costs associated with the clean up of the Manufactured Gas Plant site in Wilmington. Applicable environmental costs are those incurred as a result of, but are not limited to investigating, testing, monitoring, remediation, land acquisition, legal costs related directly to the site remediation, and disposal sites. These costs must be actually incurred, incremental "out-of-pocket" remediation related expenses and must exclude such as internal labor and overhead expenses. The remediation costs must be offset by an remediation costs reimbursements received by the Company from insurance carriers and or other Potentially Responsible Parties. The costs recovered by this Rider shall not include expenses incurred in connection with litigation by third parties claiming personal injury or by third parties claiming damage to their property as a result of the operation or decommissioning of the site or as a result of the migration of material from the site.

#### B. Applicability

This rider is applicable to all firm delivery service customers, including Service Classifications "RG", "GL", "MVG", "LVG", "GVFT", "MVFT", "LVFT".

#### C. Operation of the Rider

The Company will file with the Commission a copy of the environmental surcharge rider computation at least 30 days prior to the proposed effective date of November 1.

The calculation filed will be supported by all bills and receipts relating to the amount of any environmental costs incurred in the preceding Environmental Cost Year for which the Company seeks to begin recovery. In the same filing, the Company shall include similar material and information to support any expenses and/or recoveries resulting from Third Party claims.

#### D. Rate

The rate for this Rider is listed under the applicable classifications shown on Tariff Leaf No. 37 and Tariff Leaf No. 38.

#### E. Determination of the Rate

The Rider rate shall be comprised of an Amortization Factor and a Reconciliation Factor as follows:

(1) <u>Amortization Factor</u>: Recovery of net environmental costs incurred during an Environmental Cost Year (ECY) will be accomplished through a five year amortization, offset by the tax benefit associated with those environmental costs as defined below. A net annual amortization amount will be calculated for each of the five years of amortization scheduled for the Environmental Cost Year. The amortization factor for any year will be comprised of the total net annual amount scheduled for that year.

Order No. 6401

Filed: August <del>10, 2004</del><u>29, 2008</u>

Docket No. <del>04-53</del>

Effective with Meter Reading On and After April 20, 2004 November 1, 2008

## Annual Application for the Gas Environmental Surcharge Rider PSC Docket No. 08-\_\_\_

**Briefing Sheet** 

**SUBJECT:** Delmarva Power & Light Company's Annual Application for the Gas

Environmental Surcharge Rider filed August 29, 2008

**INCREASE SOUGHT:** The Company requests permission to decrease its current

Environmental Surcharge Rider rate (ESR) at a positive surcharge of \$0.00238 per ccf to \$0.00175 per ccf for all firm delivery service Customers. The new lower rate is to take effective for service rendered

on or after November 1, 2008.

**REASONS FOR FILING:** This filing is the annual Application to review the Gas ESR rate.

**EFFECTIVE DATE:** The decreased rate change is proposed to be effective for service

rendered on or after November 1, 2008, subject to refund and pending

investigation by the Commission.

**RATE DESIGN:** No rate design changes.

RATE OF RETURN: N/A

TEST YEAR: N/A - The Environmental Cost Year in this filing is June 1, 2007

through May 31, 2008. The Recovery Year in this filing is November

1, 2008 through October 31, 2009.

TEST PERIOD: N/A

**CAPITAL STRUCTURE:** N/A

**ELEMENTS OF RATE CHANGE:** The new rate was calculated in accordance with the approved

methodology as approved in PSC Docket No. 04-53 to recover costs associated with the clean up of the Manufactured Gas Plant site in Wilmington, Delaware. A rate decrease is requested in this filing.

by your services to requested in time time.

IMPACT OF DIFFERENT

The current Environmental Surcharge Rider rate decreases to a positive

**CLASSES:** surcharge of \$0.00175 per ccf for all firm delivery service Customers.

IMPACT ON TYPICAL BILL
Typic

Typical Bill 120 ccf/ winter month

Residential Heating Customer Current Full Proposed Change % Change Total Bill including Fuel \$170.37 \$170.29 \$-0.08 -0.1%